

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)***

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001

**JUDY STAHL, TREASURER**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education  
Bucyrus City School District  
630 Jump Street  
Bucyrus, Ohio 44820

We have reviewed the Independent Auditor's Report of the Bucyrus City School District, Crawford County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bucyrus City School District is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

January 7, 2002

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**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report .....	1 - 2
Combined Balance Sheet - All Fund Types and Account Groups .....	3 - 4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - All Governmental Fund Types and Expendable Trust Fund .....	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types .....	6
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type .....	7
Combined Statement of Cash Flows - Proprietary Fund Type .....	8
Notes to the General Purpose Financial Statements .....	9 - 48
Supplemental Data	
Schedule of Expenditures of Federal Awards .....	49
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	50 - 51
Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	52 - 53
Schedule of Findings <i>OMB Circular A-133 § .505</i> .....	54 - 56

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# TRIMBLE, JULIAN & GRUBE, INC.

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## Independent Auditor's Report

Board of Education  
Bucyrus City School District  
630 Jump Street  
Bucyrus, Ohio 44820

We have audited the accompanying general purpose financial statements of the Bucyrus City School District, Crawford County, (the "District") as of and for the fiscal year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bucyrus City School District, Crawford County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Board of Education  
Bucyrus City School District  
Page Two

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Trimble, Julian & Grube, Inc.  
December 17, 2001



**BUCYRUS CITY SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Total (Memorandum Only)		
	General	Special Revenue	Debt Service			Capital Projects	Enterprise	Trust and Agency		General	
										General Assets	Long-Term Obligations
<b>ASSETS AND OTHER DEBITS</b>											
<b>ASSETS:</b>											
Equity in pooled cash, cash equivalents and investments . . . . .	\$599,816	\$614,025	\$13,740	\$85,209	\$28,799				\$1,394,850		
Receivables (net of allowances of uncollectibles):											
Property taxes - current & delinquent . . . . .	5,524,533								5,524,533		
Accounts . . . . .	35,005	4,337							39,342		
Accrued interest . . . . .	4,506								4,506		
Interfund loan receivable . . . . .	83,000								83,000		
Due from other governments . . . . .		4,000		25,130					29,130		
Prepayments . . . . .	36,830			1,153					37,983		
Materials and supplies inventory . . . . .	71,873	8,708		39,325					119,906		
<b>Restricted assets:</b>											
Equity in pooled cash and cash equivalents . . . . .	326,533								326,533		
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .				10,265		\$11,182,401			11,192,666		
<b>OTHER DEBITS:</b>											
Amount available in Debt Service Fund . . . . .							\$13,740		13,740		
Amount to be provided for retirement of General Long-Term Obligations . . . . .							953,605		953,605		
Total assets and other debits . . . . .	\$6,682,096	\$631,070	\$13,740	\$161,082	\$28,799	\$11,182,401	\$967,345		\$19,719,794		

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BUCYRUS CITY SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			Enterprise	General	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>									
<b>LIABILITIES:</b>									
Accounts payable . . . . .	\$13,510	\$21,001		\$620	\$4,197				\$39,328
Accrued wages and benefits . . . . .	1,236,194	98,500			42,967				1,377,661
Compensated absences payable . . . . .	32,318				40,513			\$797,885	870,716
Pension obligation payable . . . . .	165,694	9,364			24,628			84,460	284,146
Interfund loan payable . . . . .		83,000							83,000
Deferred revenue . . . . .	3,962,868	28,454			6,879				3,998,201
Due to other governments . . . . .	160,378								160,647
Due to students . . . . .						\$269			20,792
Energy conservation notes payable . . . . .								85,000	85,000
General obligation notes payable . . . . .	675,000								675,000
<b>Total liabilities . . . . .</b>	<b>6,245,962</b>	<b>240,319</b>		<b>620</b>	<b>119,184</b>	<b>21,061</b>		<b>967,345</b>	<b>7,594,491</b>
<b>EQUITY AND OTHER CREDITS:</b>									
Investment in general fixed assets . . . . .							\$11,182,401		11,182,401
Retained earnings: unreserved . . . . .							41,898		41,898
Fund balances:									
Reserved for encumbrances . . . . .	148,068	53,695		6,271					208,034
Reserved for material and supplies inventory . . . . .	71,873	8,708							80,581
Reserved for prepayments . . . . .	36,830								36,830
Reserved for debt service . . . . .		\$13,740							13,740
Reserved for tax revenue unavailable for appropriation . . . . .	1,566,171								1,566,171
Reserved for instructional materials . . . . .	256,812								256,812
Reserved for BWC refunds . . . . .	69,721								69,721
Unreserved-undesignated . . . . .	(1,713,341)	328,348		46,370		7,738			(1,330,885)
<b>Total equity and other credits . . . . .</b>	<b>436,134</b>	<b>390,751</b>	<b>13,740</b>	<b>52,641</b>	<b>41,898</b>	<b>7,738</b>	<b>11,182,401</b>		<b>12,125,303</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$6,682,096</b>	<b>\$631,070</b>	<b>\$13,740</b>	<b>\$53,261</b>	<b>\$161,082</b>	<b>\$28,799</b>	<b>\$11,182,401</b>	<b>\$967,345</b>	<b>\$19,719,794</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BUCYRUS CITY SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES (DEFICITS)  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$5,871,622					\$5,871,622
Tuition . . . . .	549,846					549,846
Earnings on investments . . . . .	96,426	\$7,684		\$27	\$402	104,539
Other local revenues . . . . .	137,792	267,910			1,863	407,565
Other revenue . . . . .		69,895				69,895
Intergovernmental - State . . . . .	6,345,462	398,028		124,500		6,867,990
Intergovernmental - Federal . . . . .	7,875	951,182				959,057
<b>Total revenues . . . . .</b>	<b>13,009,023</b>	<b>1,694,699</b>		<b>124,527</b>	<b>2,265</b>	<b>14,830,514</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	4,667,622	317,363		56,863		5,041,848
Special . . . . .	1,904,495	626,615				2,531,110
Vocational . . . . .	198,067					198,067
Other . . . . .	83,942	1,467				85,409
Support services:						
Pupil . . . . .	385,867	127,293				513,160
Instructional staff . . . . .	702,271	183,301				885,572
Board of Education . . . . .	24,374					24,374
Administration . . . . .	1,549,867	20,039			25	1,569,931
Fiscal . . . . .	343,592	1,431				345,023
Business . . . . .	94,456	6,110		5,933		106,499
Operations and maintenance . . . . .	1,038,164			46		1,038,210
Pupil transportation . . . . .	268,811	6,343				275,154
Central . . . . .	39,892	67,672		36,886		144,450
Community services . . . . .	87,074	101,754			4,000	192,828
Extracurricular activities . . . . .	267,107	243,737			775	511,619
Debt service:						
Principal retirement . . . . .			\$85,000			85,000
Interest and fiscal charges . . . . .	36,214		9,690			45,904
<b>Total expenditures . . . . .</b>	<b>11,691,815</b>	<b>1,703,125</b>	<b>94,690</b>	<b>99,728</b>	<b>4,800</b>	<b>13,594,158</b>
Excess of revenues over/ (under) expenditures . . . . .	1,317,208	(8,426)	(94,690)	24,799	(2,535)	1,236,356
Other financing sources (uses):						
Operating transfers in . . . . .		3,156	90,164			93,320
Operating transfers out . . . . .	(293,320)					(293,320)
<b>Total other financing sources (uses) . . . . .</b>	<b>(293,320)</b>	<b>3,156</b>	<b>90,164</b>			<b>(200,000)</b>
Excess of revenues and other financing sources over/(under) expenditures and other financing (uses) . . . . .	1,023,888	(5,270)	(4,526)	24,799	(2,535)	1,036,356
Fund balance (deficit), July 1 . . . . .	(576,054)	393,635	18,266	27,842	10,273	(126,038)
Increase (decrease) in reserve for inventory . . . . .	(11,700)	2,386				(9,314)
<b>Fund balance, June 30 . . . . .</b>	<b>\$436,134</b>	<b>\$390,751</b>	<b>\$13,740</b>	<b>\$52,641</b>	<b>\$7,738</b>	<b>\$901,004</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BUCYRUS CITY SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>															
From local sources:															
Taxes.....	\$4,731,698	\$5,045,534	\$313,836												\$313,836
Tuition.....	549,235	549,846	611												611
Earnings on investments.....	114,767	122,379	7,612	\$7,015	\$7,512	\$497					\$15				8,124
Other local revenues.....	84,401	89,999	5,598	245,847	263,275	17,428									23,026
Other revenues.....				64,545	69,120	4,575									4,575
Intergovernmental - State.....	5,955,628	6,345,462	389,834	367,944	394,027	26,083					68,249				484,166
Intergovernmental - Federal.....	7,385	7,875	490	996,051	1,066,659	70,608									71,098
Total revenues.....	11,443,114	12,161,095	717,981	1,681,402	1,800,593	119,191					68,264				905,436
<b>Expenditures:</b>															
Current:															
Instruction:															
Regular.....	4,930,139	4,719,978	210,161	471,114	365,998	105,116					(10,181)				305,096
Special.....	1,998,557	1,913,363	85,194	795,115	616,153	176,962									262,156
Vocational.....	187,666	179,666	8,000												8,000
Other.....	57,732	55,271	2,461												2,461
Support services:															
Pupil.....	401,058	383,962	17,096	132,627	103,035	29,592									46,688
Instructional staff.....	671,277	642,662	28,615	237,653	184,627	53,026									81,641
Board of Education.....	25,480	24,394	1,086												1,086
Administration.....	1,531,436	1,466,154	65,282	26,645	20,700	5,945									71,227
Fiscal.....	371,963	356,107	15,856	1,842	1,431	411									16,267
Business.....	118,941	113,871	5,070												3,801
Operations and maintenance.....	1,185,629	1,135,088	50,541	8,165	6,343	1,822					(1,269)				50,532
Pupil transportation.....	321,773	308,057	13,716	87,095	67,662	19,433					46				15,538
Central.....	44,839	42,928	1,911	133,460	105,682	29,778									13,824
Community services.....	90,951	87,074	3,877	325,373	252,775	72,598									33,655
Extracurricular activities.....	281,053	269,072	11,981												84,579
Debt service:															
Principal retirement.....				\$409,954	\$400,000	\$9,954									9,954
Interest and fiscal charges.....				47,046	45,904	1,142									1,142
Total expenditures.....	12,218,494	11,697,647	520,847	2,217,088	1,722,406	494,682					(18,979)				1,007,646
Excess of revenues over/ (under) expenditures.....	(775,380)	463,448	1,238,828	(535,686)	78,187	613,873	(457,000)	(445,904)	(445,904)	11,096	49,285	(30,758)	18,527	114,258	1,913,082
Other financing sources (uses):															
Refund of prior year's expenditures.....	5,696	6,074	378	(1,891)	(1,469)	422									378
Refund of prior year's receipts.....				26,613	28,499	1,886									422
Operating transfers in.....	251,641	268,331	16,690	443,800	441,378	(2,422)									16,154
Operating transfers (out).....	(953,511)	(912,865)	40,646	(31,624)	(24,568)	7,056									7,056
Advances in.....	487,656	520,000	32,344	366,985	393,000	26,015									26,015
Advances (out).....	0	(593,000)	(593,000)	(320,000)	(320,000)	(320,000)									0
Total other financing sources (uses).....	(208,518)	(711,460)	(502,942)	360,083	75,462	(284,621)									(913,000)
Excess of revenues and other financing sources over/ (under) expenditures and other financing (uses):															
Fund balances, July 1.....	(983,898)	(248,012)	735,886	(175,603)	153,649	329,252	(13,200)	(4,526)	8,674	(4,526)	49,285	(30,758)	18,527	(80,362)	1,123,097
Prior year encumbrances appropriated.....	628,482	628,482	0	317,812	317,812	0	18,266	18,266	0	18,266	27,085	27,085	27,085	991,645	0
Fund balances, June 30.....	122,941	122,941	0	65,602	65,602	758	0	758	0	758	0	758	0	189,301	0
Total fund balances, June 30.....	(822,475)	\$503,411	\$735,886	\$207,811	\$537,063	\$329,252	\$5,066	\$13,740	\$8,674	(4,526)	\$49,285	(82,915)	\$46,570	\$1,100,584	\$1,123,097

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BUCYRUS CITY SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND TYPE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees . . . . .	\$41,128
Sales/charges for services. . . . .	360,729
Total operating revenues. . . . .	401,857
Operating expenses:	
Personal services . . . . .	387,601
Contract services . . . . .	171,177
Materials and supplies. . . . .	385,396
Depreciation. . . . .	6,310
Total operating expenses. . . . .	950,484
Operating loss. . . . .	(548,627)
Nonoperating revenues:	
Operating grants. . . . .	281,868
Federal commodities . . . . .	47,747
Interest revenue . . . . .	2,907
Total nonoperating revenues. . . . .	332,522
Net loss before operating transfers . . . . .	(216,105)
Operating transfers in . . . . .	200,000
Net loss . . . . .	(16,105)
Retained earnings, July 1 . . . . .	58,003
Retained earnings, June 30 . . . . .	\$41,898

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BUCYRUS CITY SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees . . . . .	\$41,187
Cash received from sales/service charges. . . . .	360,729
Cash payments for personal services . . . . .	(395,397)
Cash payments for contract services . . . . .	(167,356)
Cash payments for supplies and materials . . . . .	(332,272)
Net cash used in operating activities . . . . .	(493,109)
Cash flows from noncapital financing activities:	
Cash received from operating grants . . . . .	257,106
Transfers in from other funds . . . . .	200,000
Net cash provided by noncapital financing activities . . . . .	457,106
Cash flows from investing activities:	
Interest received . . . . .	2,907
Net cash provided by investing activities . . . . .	2,907
Net decrease in cash and cash equivalents. . . . .	(33,096)
Cash and cash equivalents at beginning of year . . . . .	118,305
Cash and cash equivalents at end of year . . . . .	\$85,209
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss. . . . .	(\$548,627)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation . . . . .	6,310
Federal donated commodities . . . . .	47,747
Changes in assets and liabilities:	
Decrease in supplies inventory. . . . .	5,855
Decrease in accounts receivable . . . . .	59
Increase in prepayments . . . . .	(649)
Increase in accounts payable. . . . .	3,471
Decrease in accrued wages & benefits. . . . .	(8,912)
Increase in compensated absences payable. . . . .	2,572
Decrease in pension obligation payable . . . . .	(807)
Decrease in deferred revenue . . . . .	(128)
Net cash used in operating activities . . . . .	(\$493,109)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Bucyrus City School District (the "District") is located in central Crawford County in north central Ohio, approximately 65 miles north of Columbus. The District operates under a locally-elected, five-member Board form of government, and provides educational services as mandated by state and/or federal statute and regulations.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District ranks as the 301<sup>st</sup> largest by enrollment among the 682 public and community school districts in the State. It currently operates 5 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 83 non-certified, 147 certified, and 17 administrative full-time and part-time employees to provide services to approximately 1,860 students in grades K through 12, and various community groups.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Bucyrus City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**A. The Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

Jointly Governed Organization:

Pioneer Career and Technical Center (PCTC) - The District and other member districts may send students to PCTC on a non-tuition basis for vocational education programs, but none of the member districts retain an ongoing financial interest in PCTC.



**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Joint Venture Without Equity Interest:*

*North Central Ohio Computer Cooperative* - NCOCC is a joint venture among 21 school districts and 3 county boards of education. The joint venture was formed for the purpose of applying modern technology (with the aid of computers and other electronic technology) to the administrative and instructional functions of member districts. Each of the governments of these schools supports NCOCC based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contribution. NCOCC is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in NCOCC, because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information is available from Jerry Payne, Treasurer for the Pioneer Career and Technology Center (fiscal agent), at 27 Ryan Road, Shelby, Ohio 44875-0309.

*Group Purchasing Cooperative:*

The District is a member of the Metropolitan Educational Council (MEC) purchasing group. The following items are purchased through this group discount program; custodial products, food service products, audio visual bulbs, and certain paper products. The MEC also provides a Self-Help Gas Program through which members save significant amounts on natural gas purchases.

The District is also a participant in a public entity risk sharing pool, discussed in Note 11.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary, and Fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in Proprietary funds) are accounted for through Governmental funds. The following are the District's Governmental Fund Types:

*General Fund* - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General fund balance is available to the District for any purpose, provided it is expended or transferred in accordance with State statute.

*Special Revenue Funds* - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

*Capital Projects Funds* - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*PROPRIETARY FUNDS*

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

Enterprise Funds - Enterprise Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*FIDUCIARY FUNDS*

Trust and Agency Funds - These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust and Agency Funds. Expendable trusts are accounted for in the essentially the same manner as Governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are reported on a cash basis, with note disclosure regarding items, which, in other fund types, would be subject to accrual.

*ACCOUNT GROUPS*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary funds.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary funds.

**C. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental funds and the Expendable Trust fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary Fund Type operating statement presents increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2001, but which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligations principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The Proprietary funds receive no revenue from property taxes.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations during fiscal 2001 were legally enacted by the Board.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end (not recognized as accounts payable) appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Enterprise funds are disclosed in the Note 12 to the financial statements.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in pooled cash, cash equivalents" (both unrestricted and restricted) on the combined balance sheet.

During fiscal 2001, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, federal agency securities, and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit and repurchase agreements are reported at cost.

Calculation of the Net Increase in the Fair Value of Investments - Aggregate Method

Fair value at June 30, 2001	\$ 0
Add: Proceeds of investments matured during fiscal 2001	400,000
Fair value at June 30, 2000	<u>(392,337)</u>
Change in fair value of investments	<u>\$ 7,663</u>



**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

By policy of the Board of Education, interest revenue is allocated to the General fund, the Permanent Improvement fund, the Food Service fund, the Expendable Trust fund, Principals' (public school support) funds, the Student Activity funds, the Early Childhood Development fund, the Self-Insurance Reserve fund (included with General fund for reporting purposes), the Athletic fund, and the Auxiliary Service fund. Interest revenue credited to the General fund during fiscal 2001 amounted to \$96,426, which includes \$34,161 assigned from other District funds.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

**F. Inventory**

Inventories for all Governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**G. Prepayments**

Prepayments for Governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period-end, because prepayments are not available to finance future Governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District has a policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives (with an estimated 10% salvage value):

<u>Asset</u>	<u>Life (years)</u>
Buildings	25-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	4-6

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Intergovernmental Revenues**

In Governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations (excluding commodities) are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

<p><u>Entitlements</u></p> <p><u>General Fund</u></p> <p>State Foundation Program</p> <p>State Property Tax Relief</p> <p><u>Special Revenue Fund</u></p> <p>Disadvantaged Pupil Impact Aid</p> <p><u>Non-Reimbursable Grants</u></p> <p><u>Special Revenue Funds</u></p> <p>School Improvement Models</p> <p>Teacher Development</p> <p>Public School Preschool</p> <p>Management Information Systems</p> <p>SchoolNet - Professional Development</p> <p>Eisenhower</p> <p>Title VI-B</p> <p>Title I</p> <p>Title VI</p> <p>Drug-Free Schools</p> <p>Pre-school for the Handicapped</p> <p>Auxiliary Services</p> <p>Instructional Materials Subsidy</p> <p>Ohio Reads</p> <p>Community Alternative Funding</p> <p>PRC</p> <p>Title VI-R</p>	<p><u>Non-Reimbursable Grants - (Continued)</u></p> <p><u>Capital Projects Funds</u></p> <p>SchoolNet - Infrastructure</p> <p>Emergency School Building Repair</p> <p>Technology Equity</p> <p><u>Reimbursable Grants</u></p> <p><u>General Fund</u></p> <p>School Bus Purchases</p> <p>Driver Education</p> <p>Vocational Education Travel/Salary</p> <p><u>Special Revenue Funds</u></p> <p>Underground Storage Tank</p> <p>Telecommunications</p> <p><u>Proprietary Funds</u></p> <p>National School Lunch Program</p> <p>Special Milk Program</p> <p>School Breakfast Program</p> <p>Summer Food Service Program</p> <p>Donated Food Commodities</p>
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Grants and entitlements amounted to approximately 50% of the District's operating revenue during the 2001 fiscal year.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments have been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance liability of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and severance liability for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Long-Term Obligations**

In general, Governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from Governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

Long-term debt and other obligations financed by Proprietary funds are reported as liabilities in the appropriate Proprietary funds.

**L. Fund Equity**

Reserved fund balances indicate that a portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, debt service, tax revenue unavailable for appropriation, instructional materials, and BWC refunds. The reserve for property taxes represent taxes recognized as revenue under GAAP, but not available for appropriation under state statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**M. Statutory Reserves**

The District is required by state law to set aside certain General fund (cash basis) revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>	<u>BWC Refunds</u>
Balance 7/1/00	\$ 122,098	\$ 16,067	\$ 148,500	\$ 0
Required Set-Aside	252,117	252,117	0	
Qualifying Expenditures	(117,403)	(288,230)		
Change in Statutory Requirement	<u>                    </u>	<u>                    </u>	<u>(148,500)</u>	<u>69,721</u>
Balance 6/30/01	<u>256,812</u>	<u>(20,046)</u>	<u>0</u>	<u>69,721</u>
Carry forward to FY 02	<u>\$ 256,812</u>	<u>\$ (20,046)</u>	<u>\$ 0</u>	<u>\$ 69,721</u>

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not taken action to designate these funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero in the capital acquisition reserve, the extra amounts may be used to reduce the set-aside requirements of future years.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for instructional materials	\$256,812
Amount restricted for BWC refunds	<u>69,721</u>
Total restricted assets	<u>\$326,533</u>

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Interfund Transactions**

Transactions between funds during the normal course of operations may occur. These may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable". Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund, which provides a service, records revenue, and the fund, which receives that service, records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2001 is presented in Note 5.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Statement of Cash Flows**

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Enterprise funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

**P. Parochial Schools**

Within the District boundaries, Holy Trinity is operated through the Toledo Catholic Diocese. Current state legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these state monies by the District is reflected in a Special Revenue fund for financial reporting purposes.

**Q. Financial Reporting for Proprietary and Similar Fund Types**

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**R. Restricted Assets**

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a reserve for instructional materials and BWC refunds not yet spent on allowable expenditures. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. A fund balance reserve has also been established. See Note 2.M. for statutory reserves.



**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**S. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**T. Memorandum Only - Total Columns**

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2001, included the following individual fund deficits:

	<u>Deficit Balance/ Accumulated Deficit</u>
<u>Special Revenue Funds</u>	
Title VI	\$ (1,086)
Disadvantaged Pupil Impact Aid	(278)
 <u>Enterprise Funds</u>	
Food Service	(26,079)

These GAAP deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur. These funds complied with state statute which does not allow for a negative fund balance at year end.

**C. Restatement of Account Group**

	<u>Amount as Previously Stated at 6/30/00</u>	<u>Adjustment</u>	<u>Amount Restated at 7/01/01</u>
General Fixed Asset Account Group	\$9,695,426	\$1,464,755	\$11,160,181

Restatement is due to an updated appraisal report at June 30, 2001.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**D. Statutory Noncompliance**

1. The following funds had appropriations in excess of estimated resources for the year ended June 30, 2001 in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
General Fund	General Fund	\$232,475
Special Revenue	PRC Family Interactions	5,000
Special Revenue	Athletics	3,878
Special Revenue	Title VI-B	8,978
Enterprise	Food Service	14,535
Expendable Trust	Scholarships	172
Capital Projects	SchoolNet	29,485

2. The following funds had expenditures plus encumbrances in excess of appropriations in noncompliance with Ohio Revised Code Section 5705.41 (B).

Expenditures exceeded appropriations as follows:

<u>Fund Type</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Special Revenue	PRC Family Intervention	\$110,000	\$111,305	\$ 1,305
Special Revenue	Venture Capital	933	11,025	10,092
Special Revenue	Public School Preschool	33,558	86,206	52,648
Special Revenue	Disadvantaged Pupil Impact Aid	67,859	80,381	12,522
Special Revenue	Ohio Reads	106,213	110,465	4,252
Special Revenue	Extended Learning Opportunity	0	4,234	4,234
Special Revenue	Title I	198,795	658,710	459,915
Special Revenue	Goals 2000	0	8,275	8,275
Capital Projects	SchoolNet	30,758	105,999	75,241

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash on Hand:* At year-end, the District had \$15 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not included in the total amount of deposits reported below.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.

*Deposits:* At year-end, the carrying amount of the District's deposits was \$8,648 and the bank balance was \$338,793 (both amounts include the District's payroll clearance account, as well as \$238,793 in non-negotiable certificates of deposit). The entire bank balance was covered by federal depository insurance.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

*Investments:* The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name. STAR Ohio is an unclassified investments since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Repurchase agreement	\$376,277	\$ 376,277
Not Subject to Categorization:		
Investment in STAR Ohio	_____	1,336,443
Total investments	\$376,277	\$1,712,720

The classification of cash, cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of equity in pooled cash, cash equivalents, and investments on the combined balance sheet per GASB Statement No. 9, and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Equity in Pooled Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$ 1,721,383	\$ 0
Reclassifications:		
Repurchase agreement	(376,277)	376,277
STAR Ohio	(1,336,443)	1,336,443
Less: Cash on hand	(15)	_____
Per GASB Statement No. 3	\$ 8,648	\$1,712,720

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund (Payable)</u>
General Fund	\$83,000	
<u>Special Revenue Funds</u>		
PRC Family Intervention		\$(16,000)
Title I		(60,000)
Title VI		(2,000)
Miscellaneous Federal Grant	_____	_____(5,000)
Total Interfund Receivables/Payables	<u>\$83,000</u>	<u>\$(83,000)</u>

B. The following is a reconciliation of the District's operating transfers for 2001:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(293,320)
Debt Service Fund	\$ 90,164	
<u>Special Revenue Fund</u>		
District Managed Student Activity	3,156	
<u>Enterprise Fund</u>		
Food Service	<u>200,000</u>	_____
Total	<u>\$293,320</u>	<u>\$(293,320)</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 6 - PROPERTY TAXES - (Continued)**

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, and railroads, which are assessed at 29% of market value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue, which would otherwise have been collected.

The assessed values upon which the fiscal year 2001 taxes were collected are as follows:

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 94,260,930	73.73	\$112,539,650	75.21
Public Utility Personal	9,506,520	7.44	9,110,080	6.09
Tangible Personal Property	24,072,618	18.83	27,977,767	18.70
	<u>\$127,840,068</u>	<u>100.00</u>	<u>\$149,627,497</u>	<u>100.00</u>

Tax rate per \$1,000 of  
assessed valuation:

Operations	\$48.60	\$50.35
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Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.



**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 6 - PROPERTY TAXES - (Continued)**

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Crawford County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of real tax advances of the August settlement available June 30) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2001 totaled \$1,566,171 in the General fund.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2001, consisted of taxes, accounts (rent and student fees), interest, and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$5,524,533
Accounts	35,005
Interfund Loan Receivable	83,000
Interest	4,506
 <u>Special Revenue Funds</u>	
Accounts	4,337
Due from other governments	4,000
 <u>Enterprise Fund</u>	
Due from other governments	25,130

**NOTE 8 - FIXED ASSETS**

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

	Restated Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2001</u>
Land	\$ 81,836			\$ 81,836
Buildings/Improvements	7,252,649			7,252,649
Furniture/Equipment	1,925,305	\$22,220		1,947,525
Vehicles	692,539			692,539
Textbooks	<u>1,207,852</u>	_____	_____	<u>1,207,852</u>
 Total	 <u>\$11,160,181</u>	 <u>\$22,220</u>	 <u>\$ 0</u>	 <u>\$11,182,401</u>

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 8 - FIXED ASSETS - (Continued)**

A summary of the Proprietary Funds fixed assets at June 30, 2001 follows:

	<u>Proprietary</u>
Furniture and Equipment	\$ 293,097
Less Accumulated Depreciation	<u>(282,832)</u>
Net Fixed Assets	<u>\$ 10,265</u>

**NOTE 9 - NOTES PAYABLE**

During fiscal 2001, the District retired \$315,000 in tax-anticipation note liability. The tax anticipation note was issued in anticipation of revenues from voted tax levies, in accordance with O.R.C. 5705.194. Proceeds have been used for general operating expenses of the District. This note is a general obligation of the District, for which the District's full faith and credit are pledged for repayment. This note is presented as a liability of the General Fund, which received the proceeds upon issuance.

The following is a description of the District's general obligation notes payable as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Original Amount</u>	<u>Notes Outstanding 06/30/00</u>	<u>Retired in 2001</u>	<u>Outstanding 06/30/01</u>
Tax Anticipation Note	4.35%	11/01/97	12/01/02	<u>\$1,575,000</u>	<u>\$990,000</u>	<u>\$(315,000)</u>	<u>\$675,000</u>
Total				<u>\$1,575,000</u>	<u>\$990,000</u>	<u>\$(315,000)</u>	<u>\$675,000</u>

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 10 - LONG-TERM OBLIGATIONS**

On July 1, 1992, the District issued \$687,000 in Energy Conservation Notes, in accordance with the authority granted by H.B. 264.

Energy conservation notes outstanding are long-term general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these notes are recorded as expenditures in the Debt Service fund; however, unlike general obligation notes, H.B. 264 allows for the issuance of energy conservation notes without voter approval, and the subsequent repayment of the notes from operating revenues.

A. The following is a description of the District's long-term energy conservation notes outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 06/30/00</u>	<u>Retired in Fiscal 2001</u>	<u>Balance 06/30/01</u>
Energy Conservation Notes	5.70%	07/01/92	06/01/02	\$687,000	\$170,000	\$(85,000)	\$85,000
				<u>\$687,000</u>	<u>\$170,000</u>	<u>\$(85,000)</u>	<u>\$85,000</u>

B. The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

<u>Year Ending June 30</u>	<u>Principal on Energy Conservation Notes</u>	<u>Interest on Energy Conservation Notes</u>	<u>Total</u>
2002	<u>\$85,000</u>	<u>\$4,845</u>	<u>\$89,845</u>
Total	<u>\$85,000</u>	<u>\$4,845</u>	<u>\$89,845</u>

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

C. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Groups. Compensated absences will ultimately be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2001</u>
Compensated Absences	\$ 797,682	\$152,620	\$(152,417)	\$797,885
Pension Benefit Obligation	96,891	84,460	(96,891)	84,460
Energy Conservation Notes	<u>170,000</u>	<u>          </u>	<u>(85,000)</u>	<u>85,000</u>
Total	<u>\$1,064,573</u>	<u>\$237,080</u>	<u>\$(334,308)</u>	<u>\$967,345</u>

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2001, are a voted debt margin of \$13,480,215 (including available funds of \$13,740) and an unvoted debt margin of \$149,627, and an unvoted energy conservation debt margin of \$1,261,647.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 11 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. During fiscal year 2001, the District has purchased property and casualty insurance from the Cincinnati Insurance Company; the policy's coverage maximum is \$33,000,000. General liability insurance, purchased from Nationwide Insurance Company, carries a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate. District-owned vehicle insurance is provided by Motorists Insurance Company, with a \$2,000,000 single occurrence limit; an umbrella policy for vehicles has also been purchased from Nationwide. Coverage limits are \$1,000,000 per occurrence, \$5,000,000 aggregate. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reductions in amounts of insurance coverage from 2000.

**B. Group Health and Dental Insurance**

Health, life, dental and other group insurance is offered to employees as a fringe benefit. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions (currently, single and family coverage is 95% Board-paid and 5% employee-paid).

While all benefit plans are traditionally-funded through common carriers, the Board's group health plan contains provisions for discounted amounts to be remitted to the carrier during the year (90% of the carrier-established premium for fiscal 2001), contingent upon the group's claims experience for the year. While the District has not retained risk for any claims, should the group's claim costs for the year exceed the threshold of the discounted amount remitted to the carrier during the year, the District must remit additional premium, to a maximum of the difference between the discounted premium and the full premium.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 11 - RISK MANAGEMENT - (Continued)**

**C. OSBA Worker's Compensation Group Rating**

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then, either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains three Enterprise funds to account for the operations of food service, uniform school supplies, and preschool programs. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Preschool</u>	<u>Total</u>
Operating Revenue	\$ 360,729	\$28,665	\$12,463	\$ 401,857
Depreciation	6,064		246	6,310
Operating Income (Loss)	(547,756)	(6,195)	5,324	(548,627)
Non-operating Revenue				
Operating grants	281,868			281,868
Donated federal commodities	47,747			47,747
Operating Transfers In	200,000			200,000
Net Income (Loss)	(16,750)	(6,195)	6,840	(16,105)
Net Working Capital	6,625	25,704	39,817	72,146
Total Assets	93,105	25,704	42,273	161,082
Long-term liabilities				
payable from fund revenues	40,513			40,513
Total Fund Equity	(26,079)	25,704	42,273	41,898
Encumbrances Outstanding as of 6/30/01	9,906		1,000	10,906

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.



**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$276,876, \$275,845, and \$252,427, respectively; 48% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$128,340, which represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$902,040, \$928,238, and \$891,365, respectively; 84% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$137,752, which represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, three members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by State statute. Both STRS and SERS are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$277,376 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 net health care costs paid by STRS were \$283.137 million and there were 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll, an increase from 8.45% for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million and there were approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$179,077 during the 2001 fiscal year.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) The District repays short-term note debt from the Debt Service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt Service fund resources used to pay both principal and interest have been reclassified accordingly.

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

	<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>			
	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	\$ (248,012)	\$ 153,649	\$ (4,526)	\$18,527
Net Adjustment for Revenue Accruals	847,928	(105,894)		
Net Adjustment for Expenditure Accruals	(157,256)	(54,369)	351,214	(619)
Net Adjustment for Other Sources/Uses	418,140	(72,306)	(351,214)	
Adjustment for Encumbrances	<u>163,088</u>	<u>73,650</u>	<u>          </u>	<u>6,891</u>
GAAP Basis	<u>\$1,023,888</u>	<u>\$ (5,270)</u>	<u>\$ (4,526)</u>	<u>\$24,799</u>

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 16 - CONTINGENT LIABILITIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 16 - CONTINGENT LIABILITIES - (Continued)**

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 17, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine the effect, if any, this decision will have on its future State funding and on its financial operations.

## **SUPPLEMENTAL DATA**

**BUCYRUS CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A) (B) Food Distribution	10.550	N/A		\$47,977.00		\$47,447.00
(A) (C) School Breakfast Program	10.553	N/A	\$46,209.00		\$46,209.00	
(A) (C) National School Lunch	10.555	N/A	\$183,722.00		\$183,722.00	
(A) (C) Special Milk Program	10.556	N/A	\$2,763.00		\$2,763.00	
(A) (C) Summer Food Service Program for Children	10.559	N/A	\$3,092.00		\$3,092.00	
<b>Total U. S. Department of Agriculture and Nutrition Cluster</b>			<b>\$235,786.00</b>	<b>\$47,977.00</b>	<b>\$235,786.00</b>	<b>\$47,447.00</b>
<b>U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I-Grants to Local Educational Agencies	84.010	043687-C1-S1-2000	\$279,431.00		\$262,226.00	
Title I-Grants to Local Educational Agencies	84.010	043687-C1-S1-2000	\$0.00		\$23,792.00	
Title I-Grants to Local Educational Agencies	84.010	043687-C1-S1-2001	\$440,144.00		\$338,218.00	
<b>Total Title I</b>			<b>\$719,575.00</b>		<b>\$624,236.00</b>	
<b>Special Education Cluster:</b>						
(E) Title VI-B-Education of the Handicapped Act	84.027	043687-6B-SF-1998-P	(\$736.00)		\$0.00	
(E) Title VI-B-Education of the Handicapped Act	84.027	043687-6B-SF-1999-P	\$11,269.00		\$20,286.00	
(E) Title VI-B-Education of the Handicapped Act	84.027	043687-6B-SF-2000-P	\$160,433.00		\$119,313.00	
<b>Total Title VI-B</b>			<b>\$170,966.00</b>		<b>\$139,599.00</b>	
(E) Special Education Preschool Grant	84.173	043687-PG-S1-2000-P	\$10,146.00		\$4,904.00	
(E) Special Education Preschool Grant	84.173	043687-PG-S1-1999-P	\$0.00		\$2,543.00	
<b>Total Special Education Preschool Grants</b>			<b>\$10,146.00</b>		<b>\$7,447.00</b>	
<b>Total Special Education Cluster</b>			<b>\$181,112.00</b>		<b>\$147,046.00</b>	
Eisenhower Professional Development Grant	84.281	043687-MS-S1-2001	\$8,754.00		\$1,465.00	
Eisenhower Professional Development Grant	84.281	043687-MS-S1-2000	\$7,716.00		\$8,816.00	
Eisenhower Professional Development Grant	84.281	043687-MS-S1-1999C	(\$3.00)		\$2,832.00	
<b>Total Eisenhower Professional</b>			<b>\$16,467.00</b>		<b>\$13,113.00</b>	
Drug Free Schools State Grant	84.186	043687-DR-S1-2000	\$5,604.00		\$7,965.00	
Drug Free Schools State Grant	84.186	043687-DR-S1-1999C	\$0.00		\$426.00	
Drug Free Schools State Grant	84.186	043687-DR-S1-2001	\$7,547.00		\$0.00	
<b>Total Drug Free Schools</b>			<b>\$13,151.00</b>		<b>\$8,391.00</b>	
Title VI-Innovative Educational Program Strategies	84.298	043687-C2-S1-2000	\$7,249.00		\$9,977.00	
Title VI-Innovative Educational Program Strategies	84.298	043687-C2-S1-2001	\$4,829.00		\$5,572.00	
Title VI-Innovative Educational Program Strategies	84.298	043687-C2-S1-1999C	\$0.00		\$2,118.00	
<b>Title VI-Innovative Educational Program Strategies</b>			<b>\$12,078.00</b>		<b>\$17,667.00</b>	
Class Size Reduction	84.340	043687-CR-S1-2001	\$60,441.00		\$48,399.00	
Class Size Reduction	84.340	043687-CR-S1-2000	\$18,829.00		\$10,851.00	
<b>Total Title VI-R</b>			<b>\$79,270.00</b>		<b>\$59,250.00</b>	
Continuous Improvement	84.276	043687-G2-S2-2000	\$24,000.00		\$6,655.00	
Continuous Improvement	84.276	043687-G2-S2-2001	\$18,000.00		\$0.00	
Continuous Improvement	84.276	043687-G2-S8-2000	\$0.00		\$1,826.00	
<b>Total Continuous Improvement</b>			<b>\$42,000.00</b>		<b>\$8,481.00</b>	
<b>Total U. S. Department of Education</b>			<b>\$1,063,653.00</b>		<b>\$878,184.00</b>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:</b>						
Community Alternative Funding System Program	93.778		\$7,875.00		\$7,875.00	
PRC Family Intervention	93.558		\$41,307.00		\$41,307.00	
<b>Total U. S. Department of Health and Human Services</b>			<b>\$49,182.00</b>		<b>\$49,182.00</b>	
<b>Total Federal Financial Assistance</b>			<b>\$1,348,621.00</b>	<b>\$47,977.00</b>	<b>\$1,163,152.00</b>	<b>\$47,447.00</b>

(A) Included as part of "Nutrition Grant Cluster" in determining major programs.

(B) The Food Distribution Program is a noncash, in kind, federal grant. Commodities are valued at fair market prices.

(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.

(D) This schedule was prepared on the cash basis of accounting.

(E) Included as part of "Special Education Grant Cluster" in determining major programs.



# TRIMBLE, JULIAN & GRUBE, INC.

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Accounting Standards***

Board of Education  
Bucyrus City School District  
630 Jump Street  
Bucyrus, Ohio 44820

We have audited the general purpose financial statements of Bucyrus City School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 17, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Bucyrus City School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items: 2001-BCSD-001 and 2001-BCSD-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Bucyrus City School District in a separate letter dated December 17, 2001.

Board of Education  
Bucyrus City School District

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bucyrus City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Bucyrus City School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-BCSD-001 and 2001-BCSD-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of Bucyrus City School District in a separate letter dated December 17, 2001.

This report is intended for the information of the Board and management of the Bucyrus City School District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
December 17, 2001

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## **Report on Compliance With Requirements Applicable to Each Major Federal Program And Internal Control Over Compliance in Accordance With *OMB Circular A-133***

Board of Education  
Bucyrus City School District  
630 Jump Street  
Bucyrus, Ohio 44820

### Compliance

We have audited the compliance of Bucyrus City School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each major federal program for the fiscal year ended June 30, 2001. Bucyrus City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each major federal program is the responsibility of Bucyrus City School District's management. Our responsibility is to express an opinion on Bucyrus City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Bucyrus City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bucyrus City School District's compliance with those requirements.

Board of Education  
Bucyrus City School District

In our opinion, Bucyrus City School District complied, in all material respects, with the requirements referred to above that are applicable to each major federal program for the fiscal year ended June 30, 2001.

#### Internal Control Over Compliance

The management of Bucyrus City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bucyrus City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education of Bucyrus City School District, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
December 17, 2001

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY  
JUNE 30, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs:</i>	Nutrition Grant Cluster: Food Distribution: CFDA # 10.550; School Breakfast Program: CFDA 10.553; National School Lunch CFDA # 10.555; Special Milk Program: CFDA # 10.556; Summer Food Service Program for Children: CFDA # 10.559; Class Size Reduction: CFDA # 84.340
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY  
JUNE 30, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2001-BCSD-001
----------------	---------------

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
General Fund	General Fund	\$232,475
Special Revenue	PRC Family Interactions	5,000
Special Revenue	Athletics	3,878
Special Revenue	Title VI-B	8,978
Enterprise	Food Service	14,535
Expendable Trust	Scholarships	172
Capital Projects	SchoolNet	29,485

With appropriations exceeding estimated resources, the District is spending monies that are not lawfully appropriated for those purposes and thus cause a fund deficit.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a regular basis.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY  
JUNE 30, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2001-BCSD-002
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures plus encumbrances exceeding appropriations in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Special Revenue	PRC Family Intervention	\$110,000	\$111,305	\$ 1,305
Special Revenue	Venture Capital	933	11,025	10,092
Special Revenue	Public School Preschool	33,558	86,206	52,648
Special Revenue	Disadvantaged Pupil Impact Aid	67,859	80,381	12,522
Special Revenue	Ohio Reads	106,213	110,465	4,252
Special Revenue	Extended Learning Opportunity	0	4,234	4,234
Special Revenue	Title I	198,795	658,710	459,915
Special Revenue	Goals 2000	0	8,275	8,275
Capital Projects	SchoolNet	30,758	105,999	75,241

With expenditures plus encumbrances exceeding appropriations, the District is unlawfully expending monies that have not been appropriated.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget throughout the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**BUCYRUS CITY SCHOOL DISTRICT**

**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 22, 2002**